

TOTAL BUDGET - REVENUES

Revenue estimates are based on actual prior year amounts, projected FY 05-06 actual amounts, trend analysis, and general economic forecasts. Property taxes will show a significant increase in FY 06-07 under the budget due to the 4.75 cent increase. Actual property value growth for the community is estimated to be around 2%.

Sales tax revenue is budgeted at \$1.2 million greater than the current year budget (about \$700,000 above the current year estimate). Local sales tax revenue is showing some signs of improvement, however, the City of Greensboro's allocation in FY 06-07 will be impacted by the tax rate increases adopted by Guilford County and the City of High Point in FY 05-06. User fees and other charges for service are budgeted to increase \$12.5 million, or 10.3%. Water and sewer rates will increase for the typical residential bill by around 8% on an annual basis.

The fully established Guilford 911 Fund will include increased contributions from Guilford County for its pro rata portion of the fund's costs.

Intergovernmental revenues are budgeted to increase about \$1.5 million, including an additional \$400,000 anticipated from Guilford County to help partially offset the cost of providing library services for non-City residents. Some improvement in Hotel/Motel Occupancy Fund proceeds is expected in FY 06-07. Appropriated fund balance is budgeted \$5.7 million higher than in FY 05-06, with the Solid Waste Management Fund using a significant portion of fund balance. This will help spread the tax rate increase necessary to open and operate the Refuse Transfer Station over a two year or longer time period. The following is a summary of total revenues by major revenue type.

Total Revenue by Major Type

	2004-05 Actual	2005-06 Budget	2006-07 Adopted	2007-08 Projected
<i>Property Tax</i>	119,011,980	120,331,635	132,782,100	141,979,700
<i>Sales Tax</i>	35,899,642	37,914,800	39,107,500	40,278,200
<i>Intergovernmental Revenue</i>	32,130,685	32,163,210	33,648,655	34,924,630
<i>User Fees/Charges/Licenses</i>	114,716,943	122,329,686	134,871,254	136,679,522
<i>All Other</i>	86,693,604	84,045,238	91,141,588	94,698,301
<i>Interfund Transfers</i>	39,589,789	39,293,951	44,820,638	48,518,982
<i>Appropriated Fund Balance</i>	43,843,181	16,761,881	22,426,960	18,155,625
<i>Total</i>	471,885,824	452,840,401	498,798,695	515,234,960
<i>Less Transfers & Internal Charges</i>	98,305,905	102,266,486	112,785,704	119,279,584
<i>Net Revenues</i>	373,579,919	350,573,915	386,012,991	395,955,376

Property Taxes

The City of Greensboro relies on property taxes to raise about one third of the net revenues needed to support municipal operations in all funds. The FY 06-07 Adopted Budget is balanced with a property tax rate of 61.50 cents, which is 4.75 cents higher than the current rate of 56.75. 3.25 cents of the increase is applied to the General Fund. An increase of just over one cent each is included for the opening of the Refuse Transfer Station and for additional debt service payments for bonds approved in 2000. Another one cent increase is included for combined costs of service expansion such as Willow Road Fire Station, support for Center

City Park and the impacts of cost increases for items such as fuel, health insurance and other benefits. The Transit Fund portion of the property tax includes a one and one-half cent rate increase, increasing the tax from 2.0 to 3.5 cents. The increase will fund service expansion for fixed route service and help offset other continued cost increases in this fund, especially fuel-related and SCAT service cost increases.

The growth in the assessed value of the community is based on projections by the Guilford County Tax Department. Annual tax base growth is expected to be about 2.00% in FY 06-07.

Local Option Sales Tax

The State of North Carolina grants local governments the authority to levy a local sales tax of up to 2.5%, with the state sales tax currently at 4.5%. Guilford County levies the full 2.5% allowed by state law, including an additional half cent levied as of January 1, 2003. Sales tax distribution among jurisdictions within Guilford County is based on total tax levy of all jurisdictions.

Revenue projections for the current year now anticipate actual sales tax revenues to exceed budget by about 1.3%, or about \$500,000. Projections for FY 06-07 are approximately 1.8% above current year estimates, or about \$700,000. Local option sales tax revenues constitute about 10-11% of net revenues.

Intergovernmental Revenue

Intergovernmental revenues include those revenues that are collected by the State of North Carolina and returned to local governments, such as the Beer and Wine Tax and Utility Franchise Taxes.

The state has eliminated reimbursements made to localities for taxes previously repealed by the General Assembly, such as Inventory and Intangible Property Taxes. This revenue category also includes contributions from Guilford County for shared services such as Emergency Management and for support for the City's Library System.

Intergovernmental revenues are estimated to be about \$1.5 million, or 4.6%, above the budgeted amounts for FY 05-06. County contribution for the Library system is budgeted to increase from \$1.32 million to \$1.72 million. Intergovernmental revenues account for about 9% of net revenues.

The budget assumes a modest 2.5% increase over the revised current year estimate in Utility Franchise, Natural Gas Excise and Telecommunications Sales Taxes. The budget assumes state and federal operating subsidies for Transit operations at or above the levels provided in FY 05-06.

User Fees, Charges and Licenses

These revenues represent charges for City services that are provided by departments typically operating as enterprises in separate funds. Examples include water and sewer charges, landfill tipping fees,

parking fees and the stormwater management fee. Charges for services such as Parks and Recreation programs are also included in this category.

Budgeted revenues for FY 06-07 are \$12.5 million, or 10.3% higher than budgeted revenues for FY 05-06. The overall budgeted increase in Water and Sewer Service Charges, including water and wastewater user fees, connection fees and capacity use fees, is \$8.4 million, accounting for most of the increase in this revenue category. Water and sewer rates will increase the typical residential bill by around 8% on an annualized basis. Telephone surcharges and cost recovery revenues will increase by \$2.5 million with the consolidation of the City and County 911 telephone response service.

Within the General Fund, user fees and charges are budgeted to increase from \$18.4 million to \$20.3 million in FY 06-07. The Adopted FY 06-07 Budget includes fee increases for various construction inspection and building permit fees that should generate about \$1 million in additional revenue. Admissions and charges revenue generated by the Parks and Recreation Department, is budgeted to increase about \$200,000, or about 14%, as compared to FY 05-06, driven primarily to increased patronage at Sportsplex and Bur Mil Park.

Other Revenues

Revenues not otherwise defined are included in this category. These include interest income, internal service charges, proceeds of capitalized leases, donations, interest income and sale of assets. Internal charges, or charges assessed by one department for services rendered for another, are captured in Other Revenue. This includes internal printing charges, garage and fleet maintenance charges and computer service and maintenance charges.

Internal charges for health, dental and worker's compensation insurance coverage are budgeted to increase by \$900,000, or about 5%.

Rising interest rates have boosted interest income, particularly in the larger Water Resources and Debt Service Funds. Interest income for FY 06-07 is budgeted to increase by about 10% over the revised estimates for the current year.



Interfund Transfers

Interfund transfers are contributions made by one fund to support operations in another fund, such as contributions from the General Fund to the Solid Waste Management Fund to support refuse collection and contributions to the Debt Service Fund to support voter approved bond project financing.

Budgeted interfund transfers increase from \$39.3 million in FY 05-06 to \$44.8 million in FY 06-07. The General Fund transfer to the Solid Waste Management Fund will increase from \$10.5 million to \$13 million to help support the Refuse Transfer Station. The General Fund contribution to the Debt Service Fund will increase from \$14.5 million to \$16.9 million to support debt service costs associated with bonds authorized in 2000. Both of these transfers are projected to increase again in FY 07-08 for the same purposes.

The General Fund contribution for the War Memorial Coliseum Fund is budgeted at \$2 million, \$200,000 above the transfer amount in FY 05-06. Several smaller maintenance projects, such as carpet replacement in the Special Events Center meeting rooms, are being funded in the Coliseum budget in FY 06-07.

The General Fund contribution to the Nussbaum Housing Partnership Fund is budgeted at \$1.68 million, including \$107,000 to support historic preservation activities within that fund.

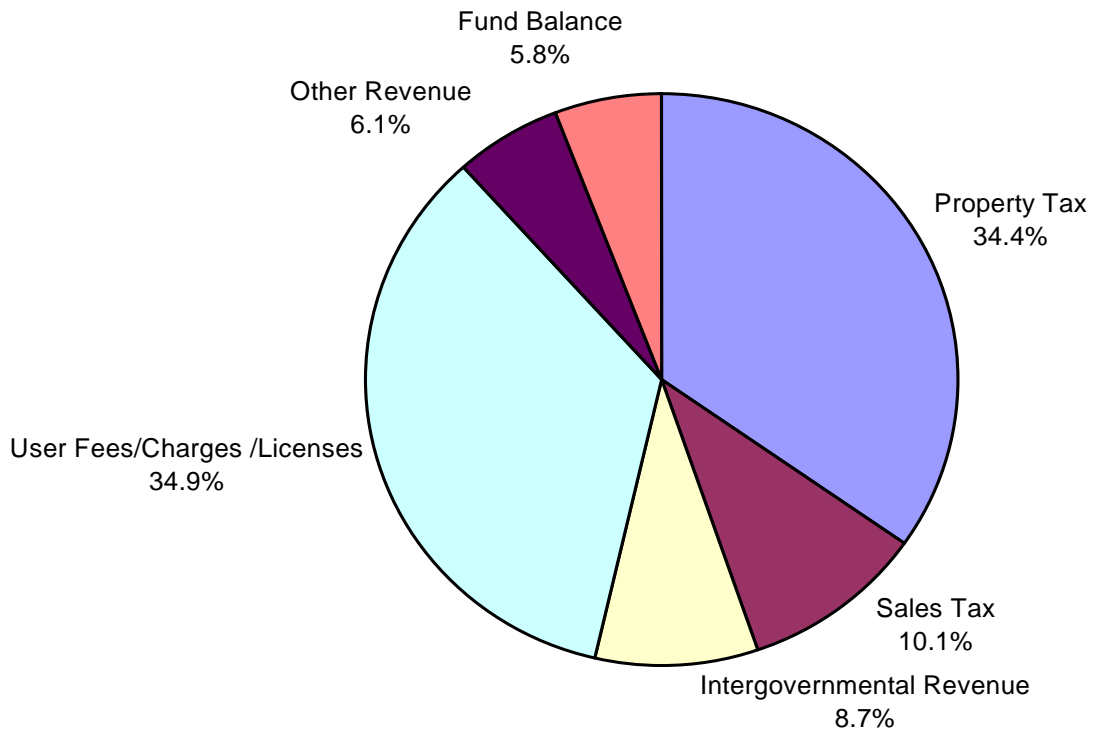
Fund Balance

The City of Greensboro fund balance policy states that "each year the estimated savings realized from unexpected appropriations in the General Fund shall be evaluated with respect to appropriation to the following year's revenue budget as Appropriated Fund Balance to assist in financing that year's budget." Budget appropriated fund balance amounts are increasing by \$5.7 million from the Amended FY 05-06 Budget. The Solid Waste Management Fund will increase its appropriated fund balance by \$5.5 million to help underwrite ongoing solid waste operations and to help absorb a portion of the cost to be incurred when the Refuse Transfer Station opens in FY 06-07.

The General Fund budgeted appropriated fund balance is reduced from the FY 05-06 original budgeted amount of \$7.1 million to \$6.8 million. (The General Fund appropriated fund balance amount was revised upward during the year by about \$1 million to transfer accumulated wireless funds to the new Guilford Metro 911 Fund.)

This lower budgeted figure is necessary due to tighter General Fund budgets in recent years that have consistently generated fewer savings at the end of the year; therefore, fewer funds available to appropriate as fund balance the following year.

Total Net Revenues by Major Type
(Adopted FY 06-07 Budget)



FY 06-07

